



Exempt Action Final Regulation Agency Background Document

Agency name	DEPT. OF MEDICAL ASSISTANCE SERVICES
Virginia Administrative Code (VAC) citation	12 VAC 30-80-40
Regulation title	Methods and Standards for Establishing Payment Rates— Other Types of Care: Pharmacy services reimbursement
Action title	Increase Pharmacy Dispensing Fee for Generics to \$4.00
Document preparation date	02/05/2005

When a regulatory action is exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006(A) of the of the Administrative Process Act (APA) (townhall.state.va.us/dpbpages/dpb_apa.htm), the agency is encouraged to provide information to the public on the Regulatory Town Hall using this form.

Note: While posting this form on the Town Hall is optional, the agency must comply with requirements of the Virginia Register Act (leg1.state.va.us/cgi-bin/legp504.exe?000+cod+2.2-4100), the *Virginia Register Form, Style, and Procedure Manual* (legis.state.va.us/codecomm/register/download/styl8_95.rtf), and Executive Orders 21 (02) and 58 (99) (governor.state.va.us/Press_Policy/Executive_Orders/EOHome.html)

Summary

In a short paragraph, please summarize all substantive changes that are being proposed in this regulatory action.

The purpose of this action is to increase the dispensing fee paid by Medicaid for the dispensing of generic drug products by pharmacy providers. This change is in response to a very specific mandate from the 2004 General Assembly in the Appropriations Act, Item 326 MMM, which requires the Department of Medical Assistance Services to raise the dispensing fee for generic prescription drugs from \$3.75 to \$4.00.

Statement of agency final action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

I hereby approve the foregoing Agency Background Document with the attached amended State Plan pages (12 VAC 30-80-40), Methods and Standards for Establishing Payment Rates — Other Types of Care: Increase Pharmacy Dispensing Fee for Generics to \$4.00, and adopt the action stated therein. I certify that this final regulatory action has completed all the requirements of the Code of Virginia § 2.2-4012, of the Administrative Process Act.

Date

Patrick W. Finnerty, Director
Dept. of Medical Assistance Services

Substance

Please detail any changes that are proposed. Please outline new substantive provisions, all substantive changes to existing sections, or both where appropriate.

The section of the State Plan for Medical Assistance that is affected by this action is Methods and Standards for Establishing Payment Rates—Other Types of Care: Reimbursement for Pharmacy Services (Attachment 4.19-B, 12 VAC 30-80-40).

Since July 1, 2003, DMAS has paid pharmacists a dispensing fee of \$3.75 for each brand name or generic drug prescription filled for any Medicaid recipient. This fee was paid in addition to any reimbursement paid to the pharmacy for the prescription itself. The 2004 General Assembly directed the agency to increase the generic drug-dispensing fee from the current \$3.75 up to \$4.00. The dispensing fee for brand name drugs will remain \$3.75.

This adjustment in the Medicaid dispensing fee for generic prescription drugs will not affect Medicaid recipients directly in any way. The advantage of the change in the pharmaceutical dispensing fee is to both the pharmacy providers who will received increased payment and to the Commonwealth in that it provides additional incentive for generic drug utilization which will reduce overall expenditures for pharmacy services.

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
12 VAC 30-80-40		Establishes dispensing fee for brand name and generic drug products at \$3.75	Repeals dispensing fee for generic drug products and adds language for new generic drug dispensing fee of \$4.00.

Family impact

Assess the impact of this regulatory action on the institution of the family and family stability.

These changes do not strengthen or erode the authority or rights of parents in the education, nurturing, and supervision of their children; or encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one’s spouse, and one’s children and/or elderly parents. It does not strengthen or erode the marital commitment nor affect disposable family income.